



STATE OF ARIZONA
DEPARTMENT OF INSURANCE

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CHARLES R. COHEN
Director of Insurance

TO: Credit Unemployment and Credit Property Insurers and Other Interested Parties

FROM: Sara Begley
Deputy Director

DATE: June 3, 2003

RE: **Promulgation of loss ratio standards and prima facie rates for Credit Unemployment Insurance and Credit Property Insurance**

On February 21, 2003, the Arizona Department of Insurance released draft reports and draft recommendations regarding its evaluation of experience information related to credit unemployment and credit property insurance. At that time, the Department solicited comments from interested Parties (IP) that it would consider before the draft reports and recommendations would be finalized. The comments from interested parties have been considered and today the final reports and recommendations have been placed on the Departments web site for review. See (www.id.state.az.us) under the heading "Announcements".

There were changes made in the draft report and a number of the report Exhibits as a result of comments received from Interested Parties (IP). A summary of these follows below:

Credit Unemployment:
Changes in the Report

Page 2, Paragraph B - In response to IP comments the experience for the year 2002 has been added to that of the years 1998-2001. Exhibit 2 has been updated to include 2002 data.

Page 5, Paragraph 5 - Year 2002 experience has been added and Exhibit 6 indicated rates calculated for the experience period of 1998-2002.

Page 6, last Paragraph x - In response to IP comments the credit unemployment prima facie rates and the layout of the rate tables have been revised in Exhibit 7.

Page 7, last Paragraph x - A footnote has been added to the Credibility Table in Exhibit 8 regarding the length of the experience period that may be used.

Credit Property:

1. Page 1, of the chart report has been changed to indicate that CPI rates may be applied to the replacement cost of the personal property serving as security for the loan.
2. The Creditability Table now refers to an experience period of at least one full year and not more than three years.

A hearing is scheduled for July 24, 2002 to recommend loss ratio standards and prima facie rates. A formal notice of hearing has been issued and is posted on the Department's website.